



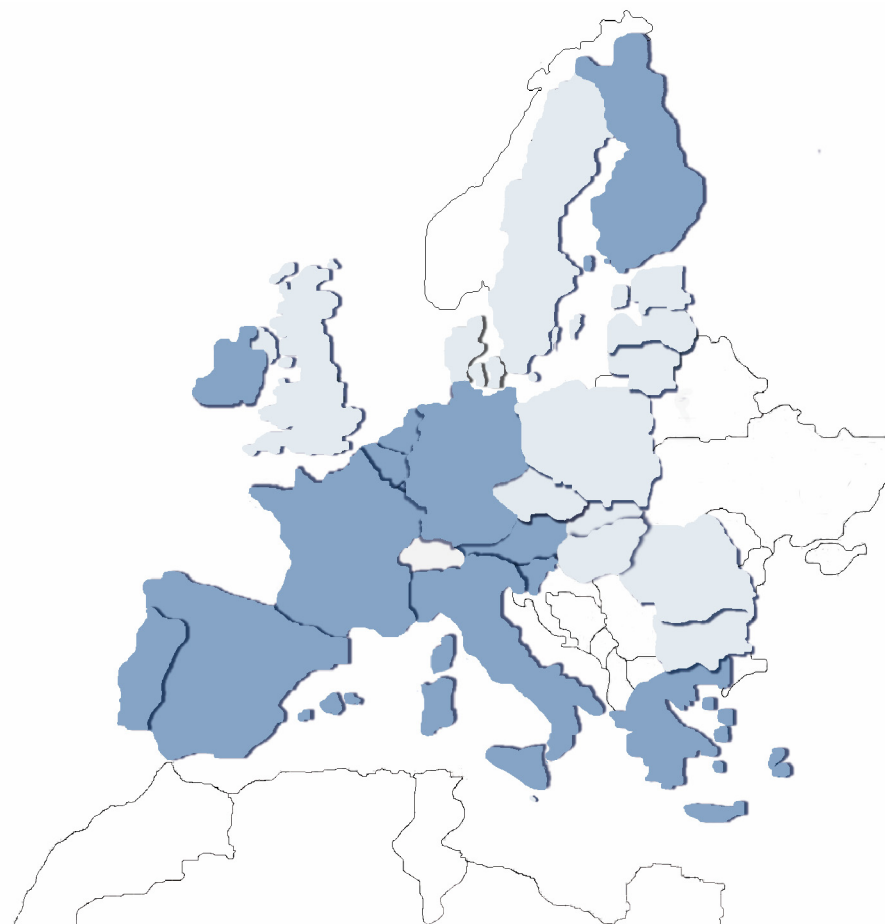
**BANK OF FINLAND**

**Monetary Policy and Research - Financial Markets and Statistics**

EUROJÄRJESTELMÄ  
EUROSYSTEMET

# **Main Indicators for the Finnish Economy**

11/2008



18 Nov 2008

*Main Indicators for the Finnish Economy* is produced jointly by the Monetary Policy and Research department and Financial Markets and Statistics department and it is issued monthly. The review is unofficial, and the Bank of Finland is not liable for any possible errors.

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# Charts and tables

## Monetary policy and market interest rates

Chart 1. Eurosystem interest rates	5
Chart 2. Euribor rates	5
Chart 3. International three-month interest rates	6
Chart 4. International long-term interest rates	6
Chart 5. Yield on ten-year Finnish government bonds and differential vs. Germany	7
Chart 6. Yield curve	7

## Banking in Finland

Chart 7. Average interest rates on loans and deposits	8
Chart 8. Average interest rates on new loans to households	8
Chart 9. Stock of bank lending by interest rate linkage	9
Chart 10. Stock of bank deposits by interest rate linkage	9
Chart 11. Growth of deposits	10
Chart 12. Growth of lending	10
Chart 13. Liabilities of Finnish MFIs in the Finnish contribution to euro area monetary aggregates	11
Chart 14. Outstanding loans to households and non-financial corporations	11

## Securities market

Chart 15. Selected stock price indices in the euro area	12
Chart 16. OMX Nordic Exchange Helsinki: share indices by sector	12
Chart 17. Listed shares in Finland: total market capitalization and non-residents' holdings	13
Chart 18. Non-residents' portfolio investments in Finland	13
Chart 19. Bonds issued in Finland	14
Chart 20. Mutual funds registered in Finland	14

## Borrowing by sector in Finland

Chart 21. Non-financial corporate sector and household borrowing	15
Chart 22. Sectoral debt ratios in Finland	15

## Exchange rates

Chart 23. Euro exchange rates against the US dollar and the yen	16
Chart 24. Euro exchange rates against the pound sterling and the Swedish krona	16
Chart 25. Euro's external value and Finland's competitiveness indicator	17
Chart 26. Competitiveness indicators for Finland	17

## Real economy

Chart 27. GDP, volume, Finland and euro area	18
Chart 28. GDP, volume, Finland, monthly indicator	18
Chart 29. Industrial production, volume, Finland and euro area	19
Chart 30. Industrial confidence indicator, Finland and euro area	19
Chart 31. Manufacturing production by sector in Finland, volume index	20
Chart 32. Finland's imports of goods, volume	20
Chart 33. Consumption in Finland, volume	21
Chart 34. Consumer confidence, Finland and euro area	21
Chart 35. Fixed investment in Finland, volume	22
Chart 36. Construction indicators	22
Chart 37. Exports of goods, volume, Finland	23
Chart 38. Exports by industry, Finland	23
Table 1. Supply, demand and labour market indicators	24

**Prices and costs**

Chart 39. Consumer prices (CPI), Finland and euro area	25
Chart 40. Harmonized index of consumer prices (HICP), Finland and euro area	25
Chart 41. Inflation rates in the euro area (HICP)	26
Chart 42. Producer prices, Finland and euro area	26
Chart 43. Earnings in Finland	27
Chart 44. Hourly labour costs	27
Chart 45. Finland's export prices, import prices and terms of trade	28
Chart 46. Dwelling prices in Finland	28
Table 2. Cost and price indicators	29

**Labour market**

Chart 47. Unemployment rate, Finland and euro area	30
Chart 48. Employment in Finland	30

**Public finances**

Chart 49. Public sector balances in Finland	31
Chart 50. Public sector debt in Finland	31

**External balance**

Chart 51. Goods account and current account, Finland	32
Chart 52. Net international investment position, Finland	32
Table 3. External balance and sectoral balances indicators	33

# Monetary policy and market interest rates

Chart 1.

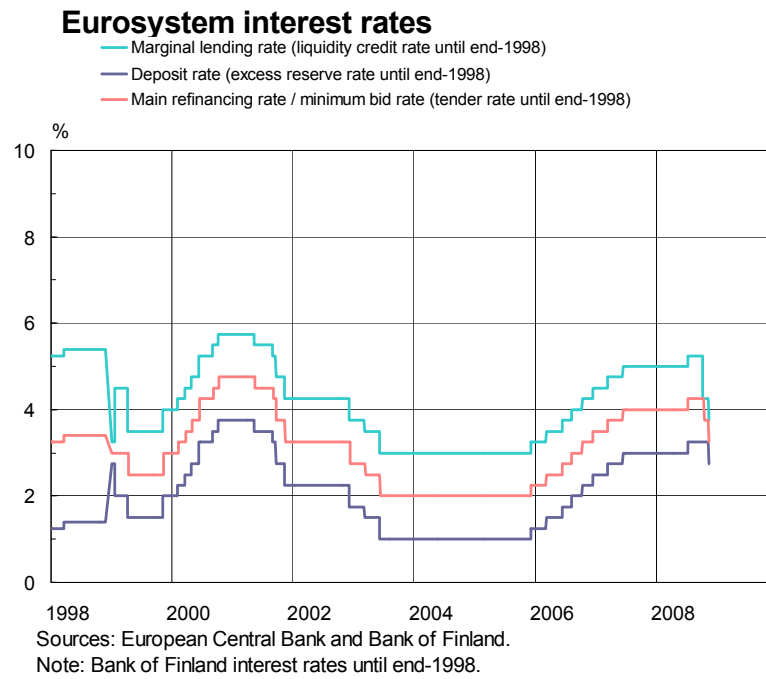
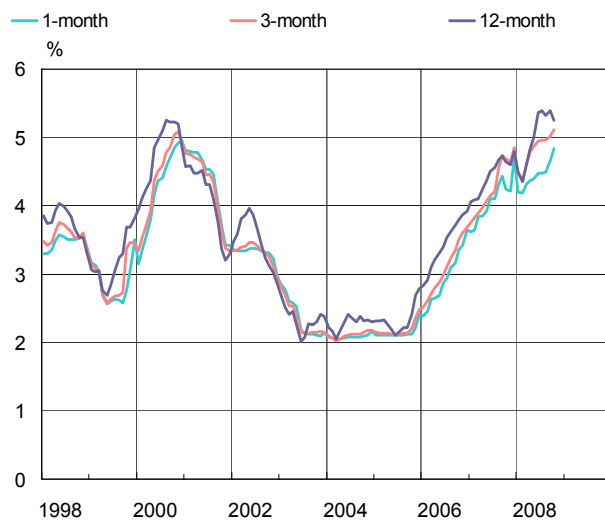


Chart 2.

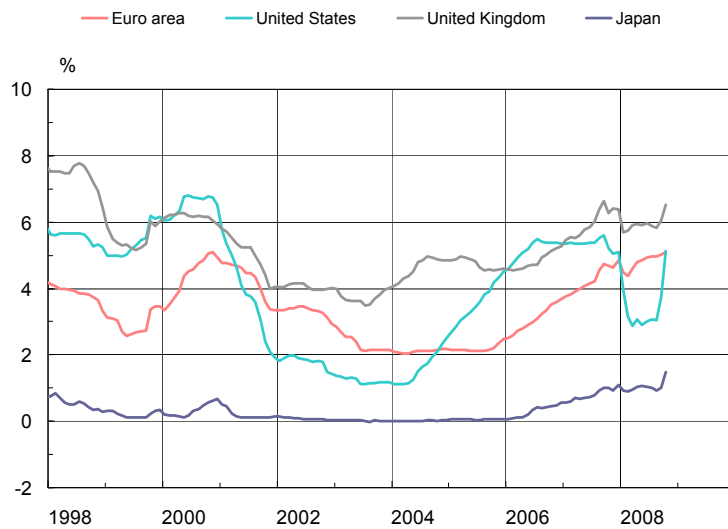
### Euribor rates



Sources: Reuters and Bank of Finland.  
 Note: Helibor rates until end-1998.

Chart 3.

### International three-month interest rates

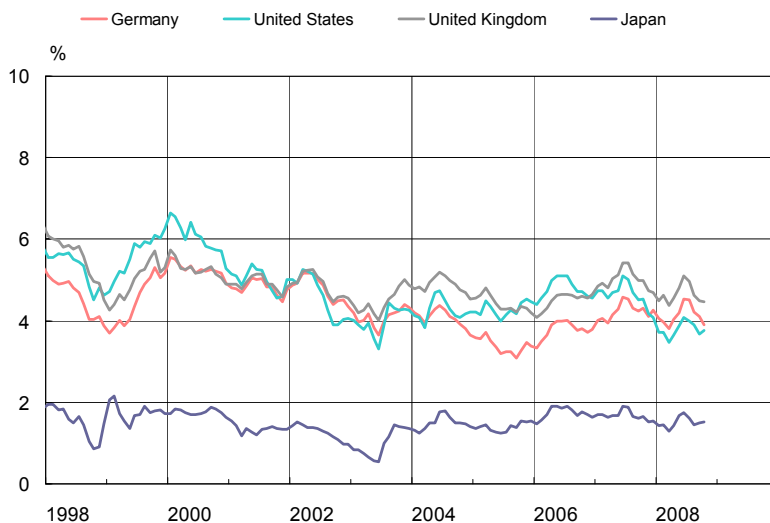


Sources: Reuters and European Central Bank.

Note: Until end-1998 the euro area rate is calculated as the average of national rates weighted by GDP. Euribor from January 1999.

Chart 4.

### International long-term interest rates

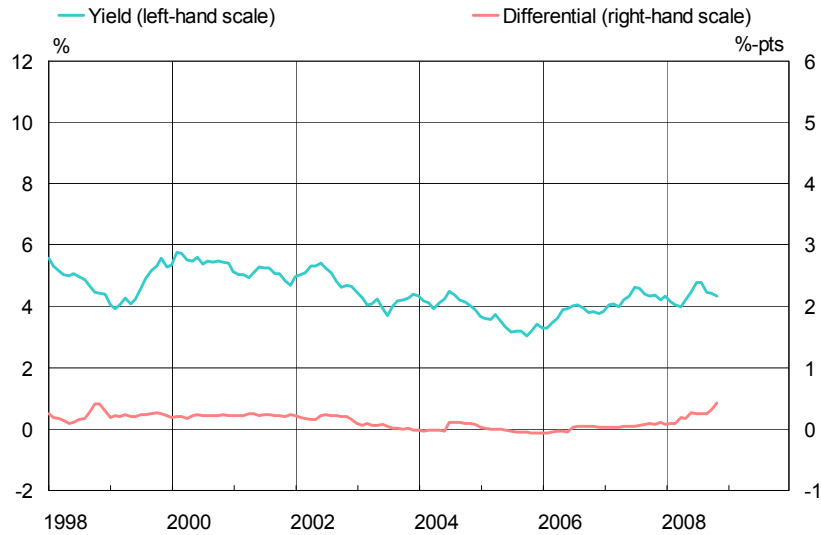


Source: Reuters.

Note: Yield on ten-year government bonds.

Chart 5.

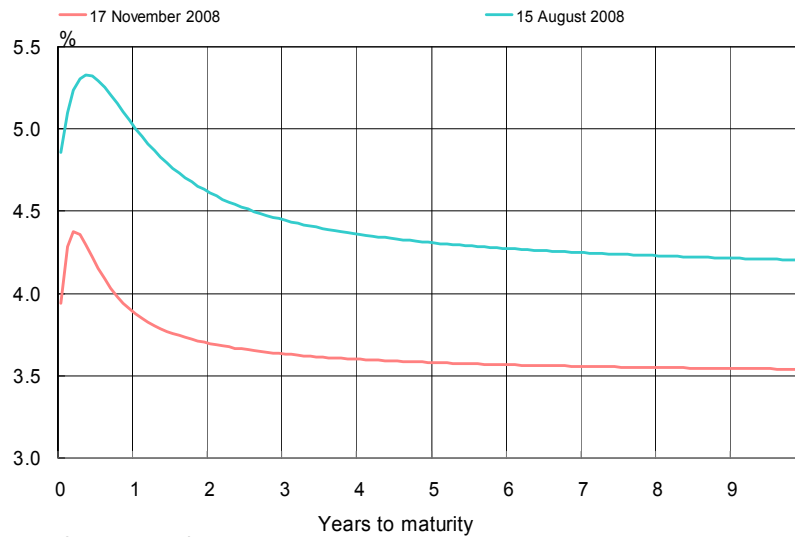
### Yield on ten-year Finnish government bonds and differential vs. Germany



Source: Reuters.

Chart 6.

### Euro area (Finland's) yield curve (zero coupon yield curve)



Source: Bank of Finland.

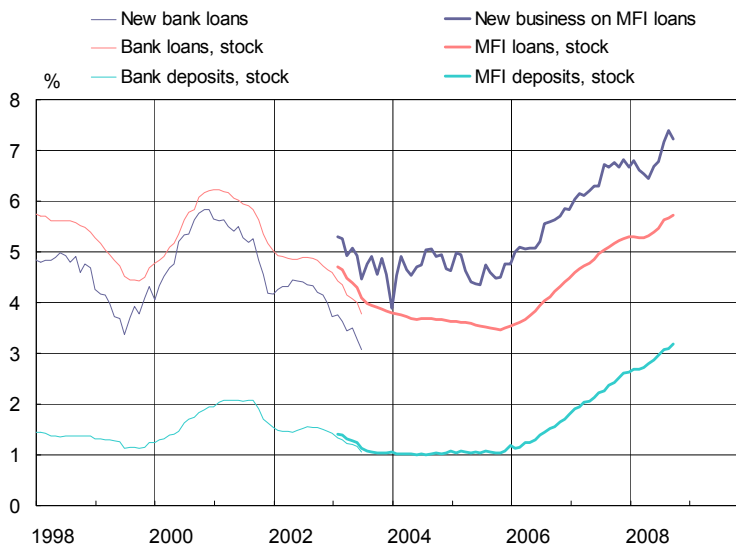
Note: BOF estimation using Nelson & Siegel (1987) yield curve model applied to Eonia and Euribor rates and Finnish benchmark government bond yields.

Note 2: Due to recent turmoil in financial markets, the estimate of the yield curve is biased and, therefore, cannot be interpreted in a mechanical way.

# Banking in Finland

Chart 7.

## Interest rates on loans and deposits

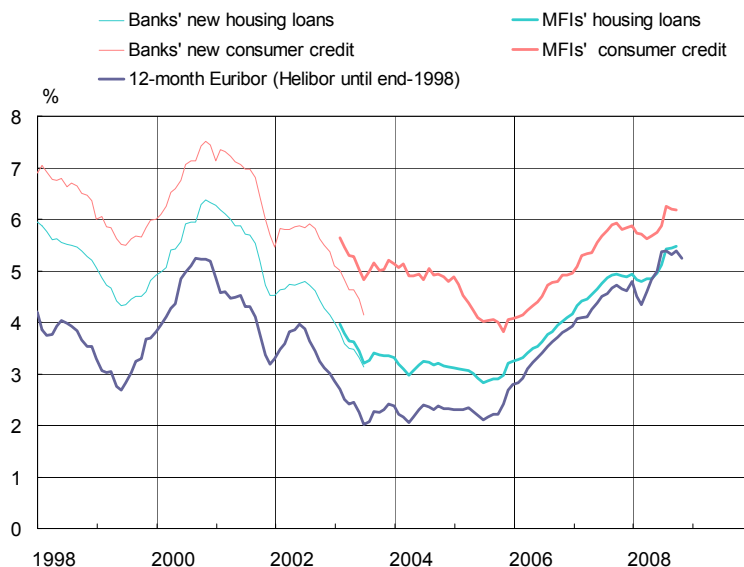


Source: Bank of Finland.

The data collection process changed from 1 January 2003, with the coming into force of the ECB Regulation concerning statistics on interest rates ECB/2001/18. Consecutively, the reporting population has been extended to cover credit institutions, in addition to deposit banks.

Chart 8.

## Interest rates on new loans to households



Source: Bank of Finland.

See note in Chart 7.



Chart 9.

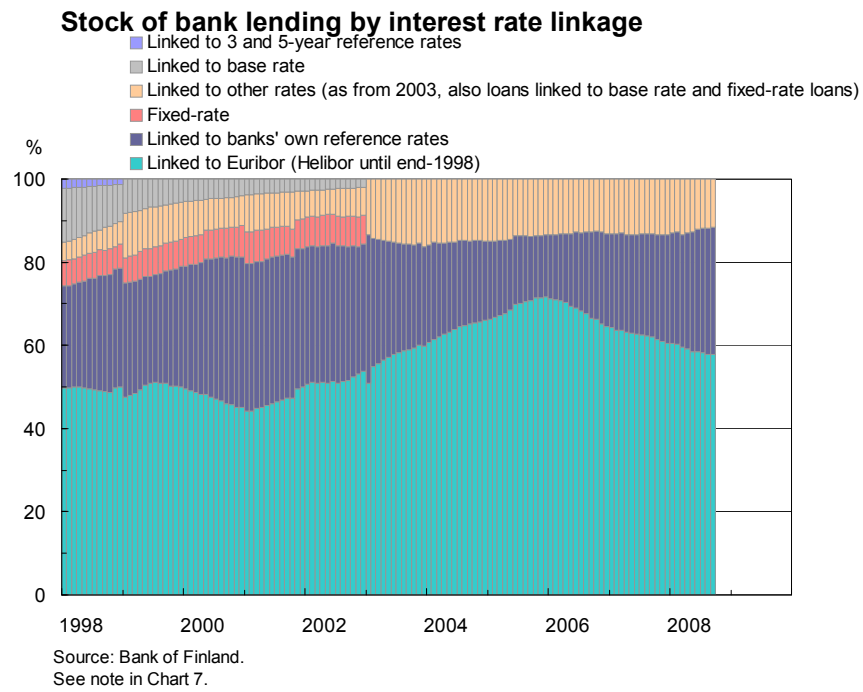


Chart 10.

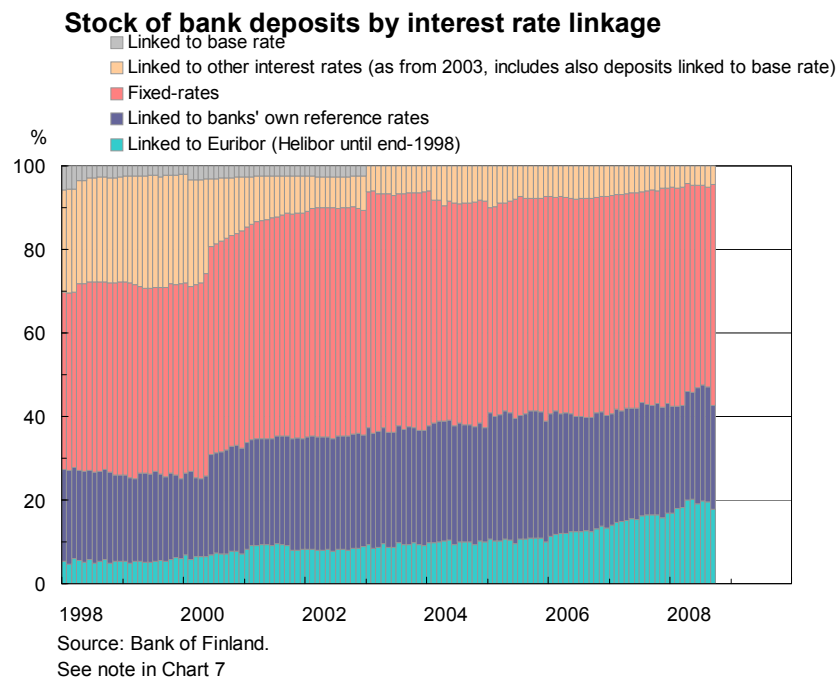


Chart 11.

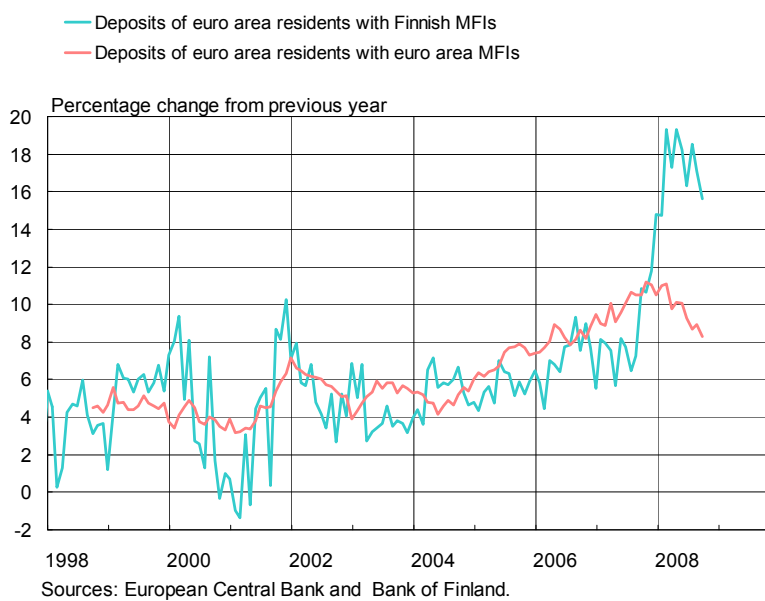
**Euro area and Finnish MFIs: growth of deposits**

Chart 12.

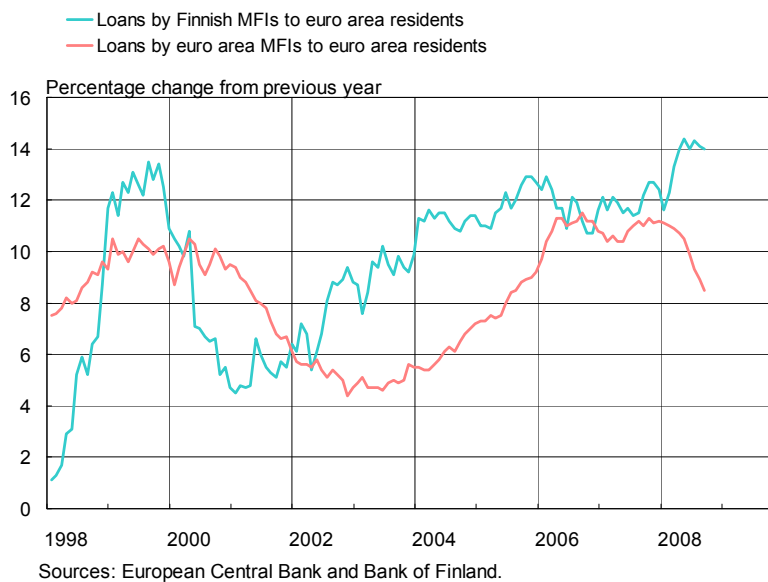
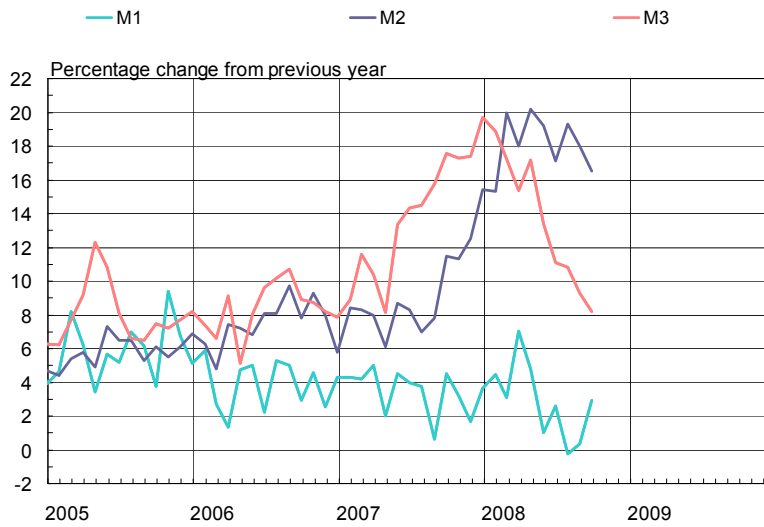
**Euro area and Finnish MFIs: growth of loans**

Chart 13.

**Liabilities of Finnish monetary financial institutions included in monetary aggregates for the euro area \***

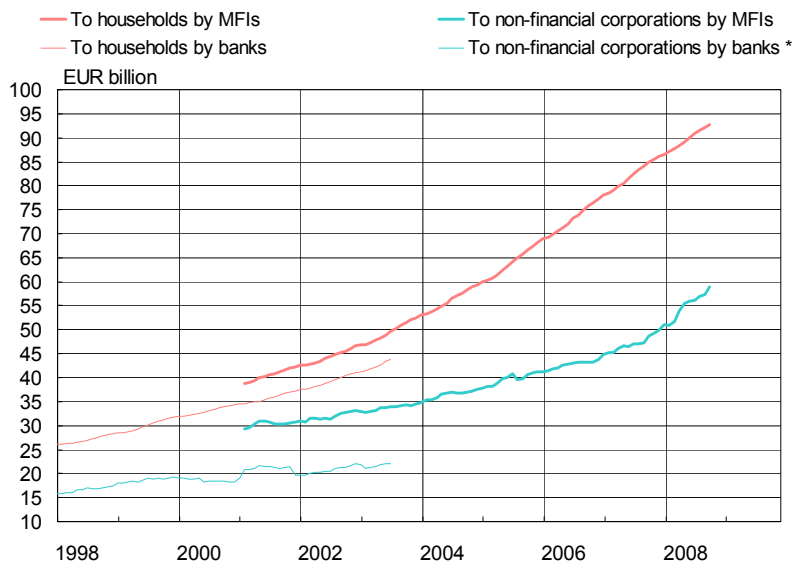


Source: Bank of Finland.

\* Note: Excluding currency in circulation with the public.

Chart 14.

**Outstanding loans to households and non-financial corporations**



Source: Bank of Finland.

\* Note: The series includes structural changes.

# Securities market

Chart 15.

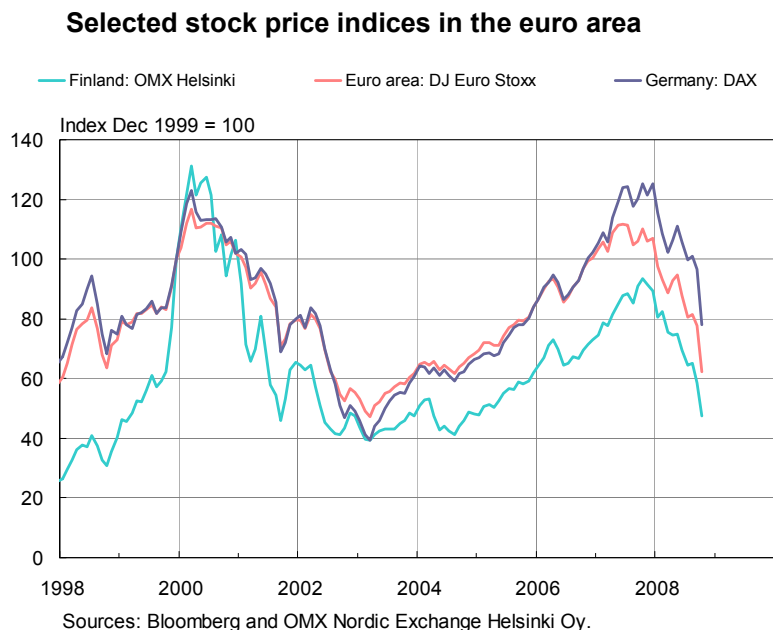


Chart 16.

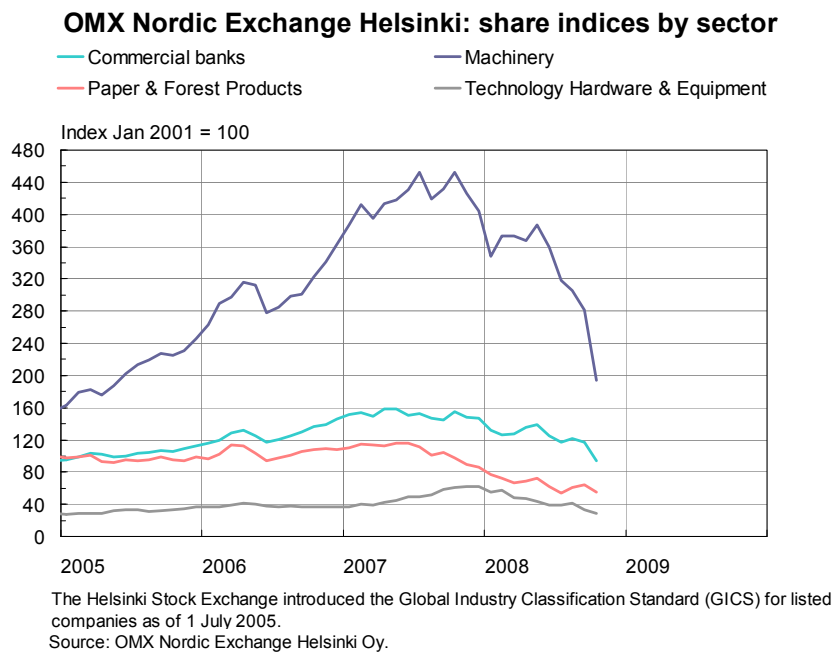


Chart 17.



Chart 18.

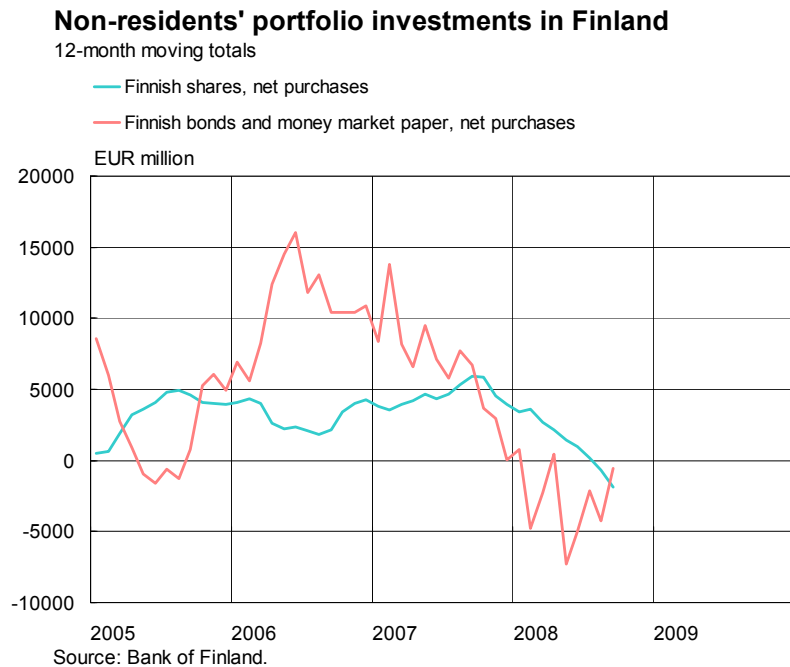
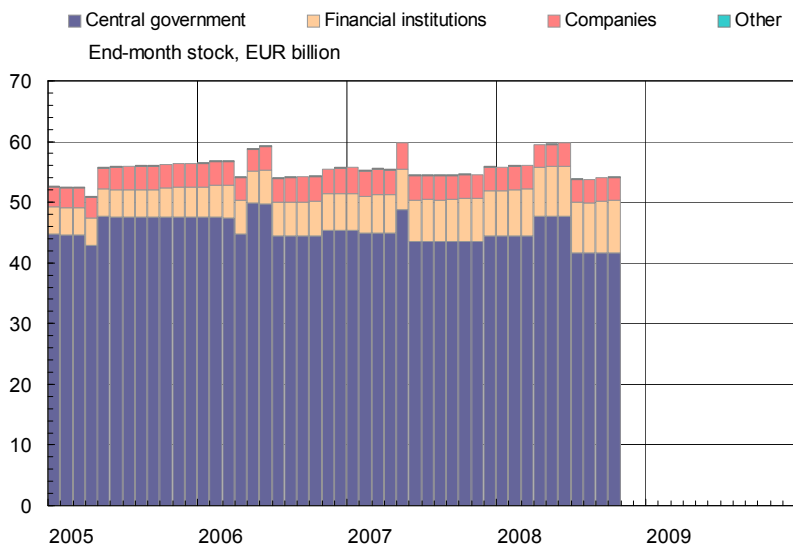


Chart 19.

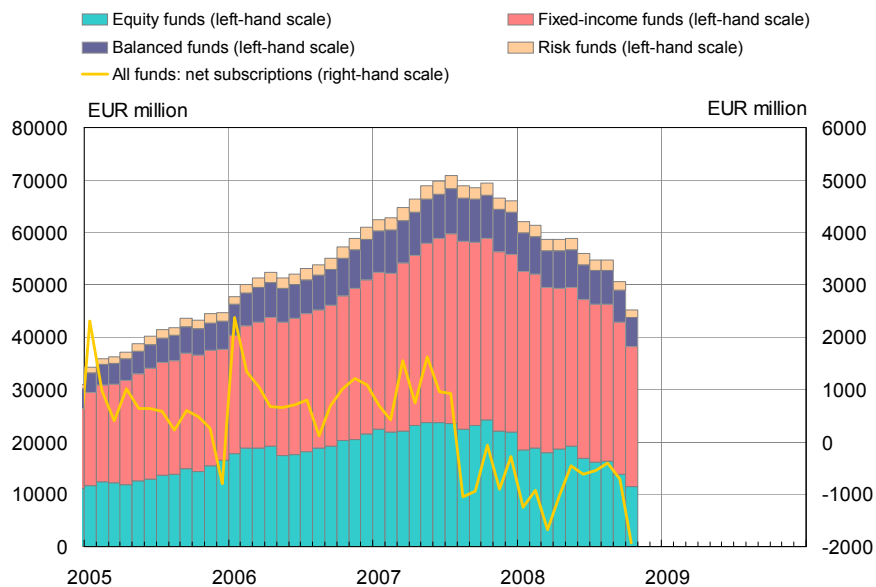
### Bonds issued in Finland



Source: Statistics Finland.

Chart 20.

### Mutual funds registered in Finland



Sources: OMX Nordic Exchange Helsinki Oy and Finnish Association of Mutual Funds.

## Borrowing by sector in Finland

Chart 21.

### Non-financial corporate sector and household borrowing

1 = corporate sector (excl. housing corporations), 2 = households.

■ Banks ■ Other financial institutions ■ General government ■ Rest of the world

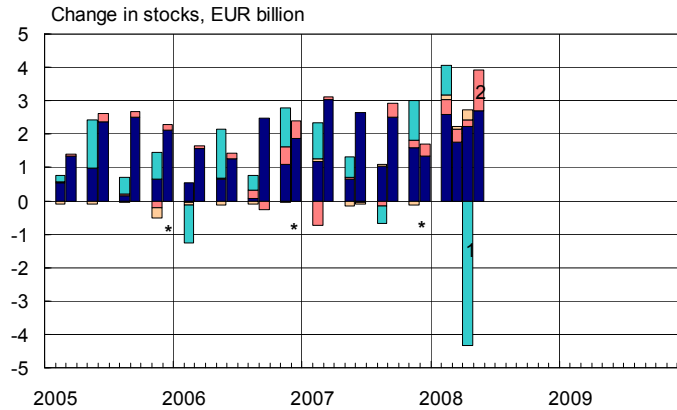


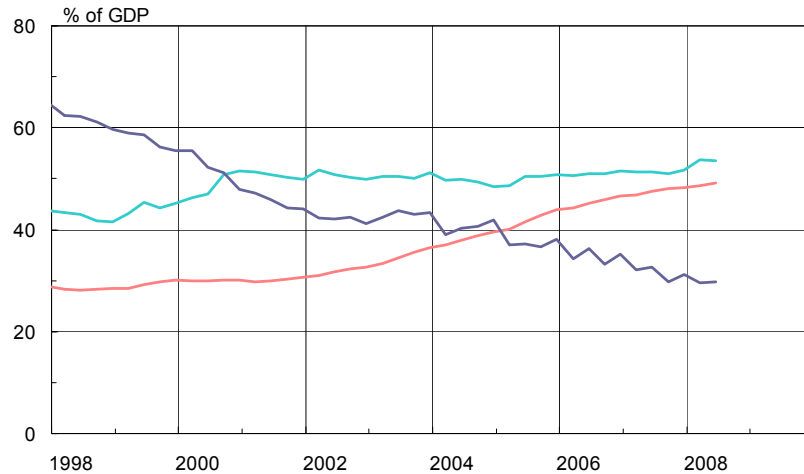
Chart 22.

### Sectoral debt ratios in Finland

— Non-financial corporate sector excl. housing corporations

— Household sector

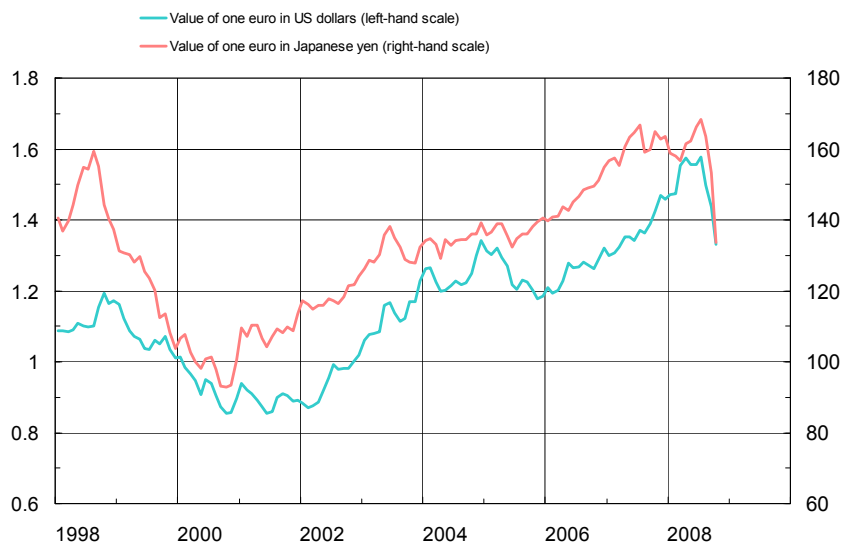
— Central government



## Exchange rates

Chart 23.

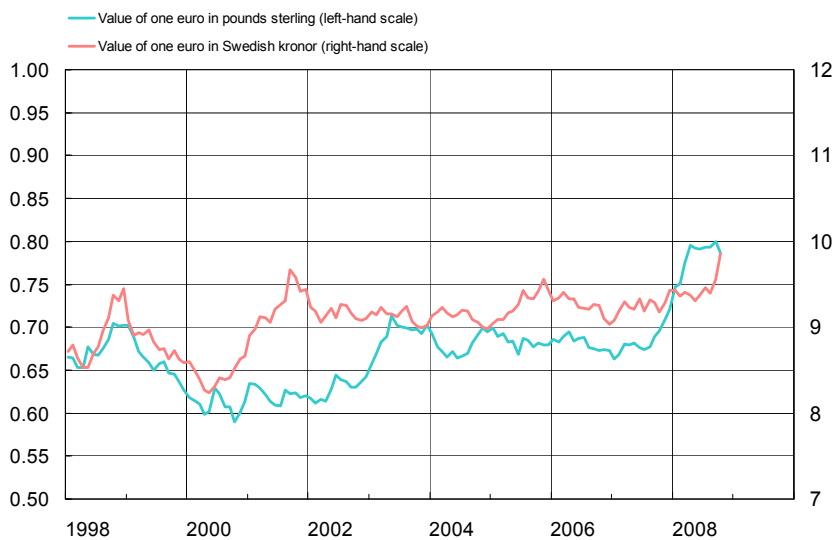
### Euro exchange rates against the US dollar and the yen



Sources: European Central Bank and Reuters.  
Note: ECU exchange rate until end-1998.

Chart 24.

### Euro exchange rates against the pound sterling and the Swedish krona

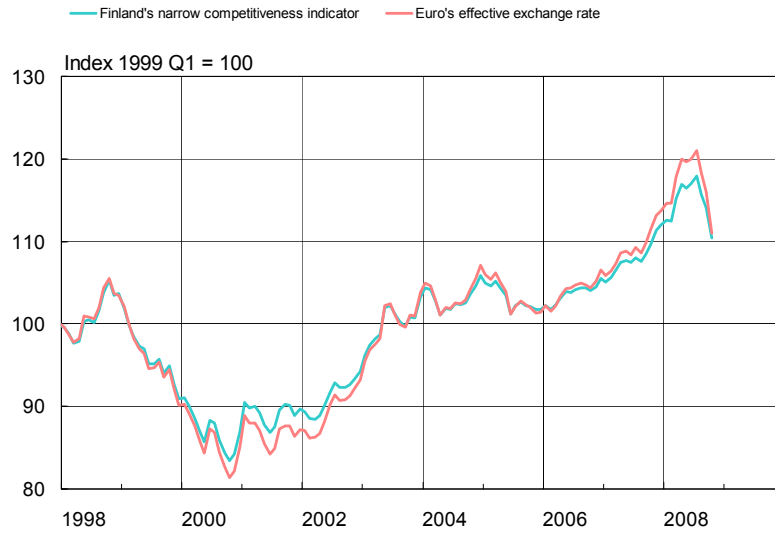


Sources: European Central Bank and Reuters.  
Note: ECU exchange rate until end-1998.



Chart 25.

### Euro's external value and Finland's competitiveness indicator

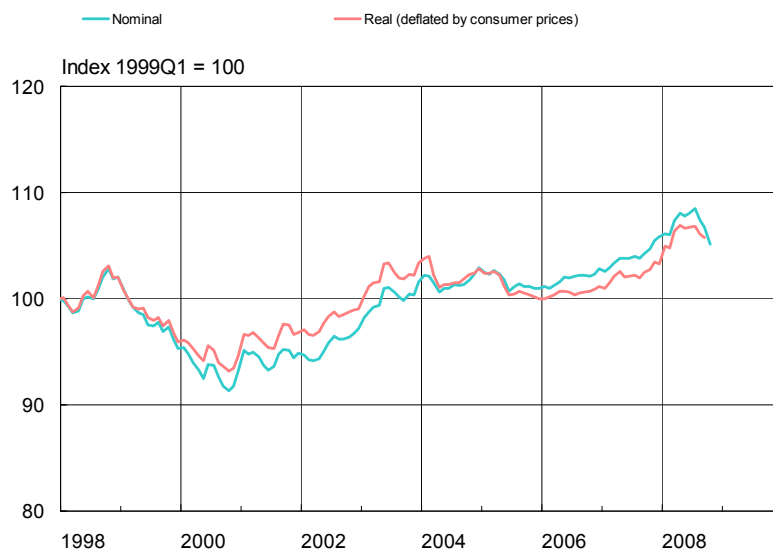


Sources: European Central Bank and Bank of Finland.

Note: An upward movement of the index represents an appreciation of the euro/ a weakening in Finnish competitiveness. The method of calculation is described in the Bank of Finland Bulletin 1/2000.

Chart 26.

### Competitiveness indicators for Finland



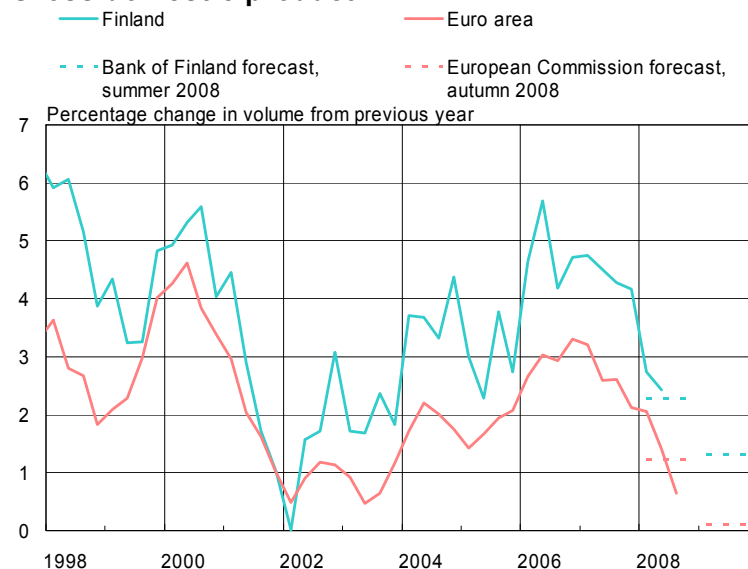
Source: Bank of Finland.

Note: Narrow plus euro area competitiveness indicator. See also note in Chart 25.

# Real economy

Chart 27.

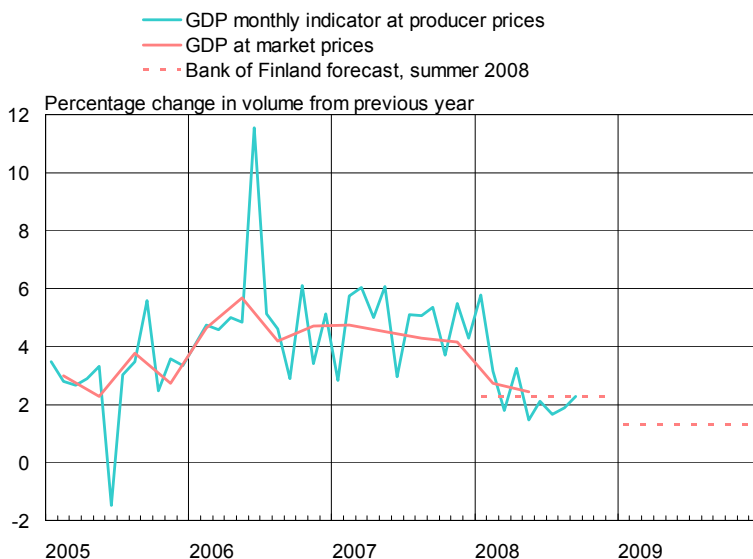
## Gross domestic product



Sources: Statistics Finland, Bank of Finland, European Central Bank and European Commission.

Chart 28.

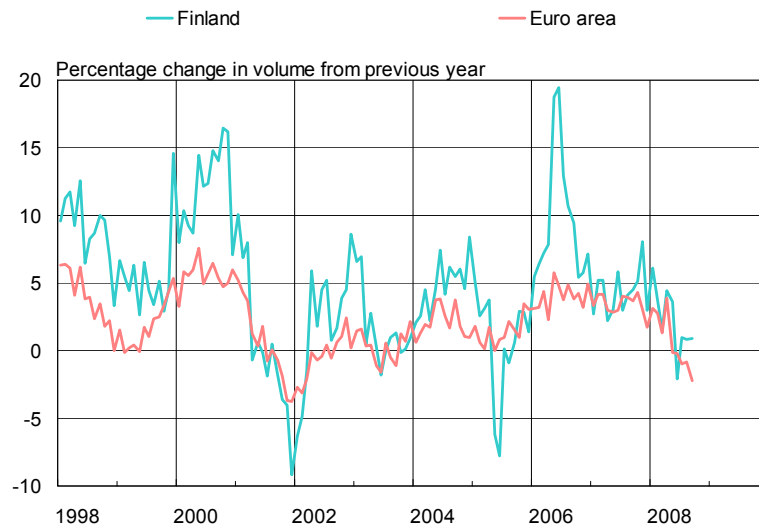
## Gross domestic product in Finland



Sources: Bank of Finland and Statistics Finland.

Chart 29.

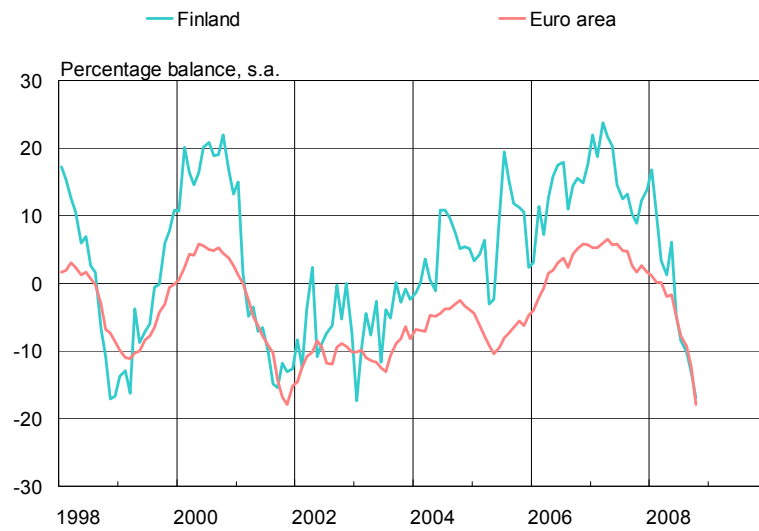
### Industrial production



Sources: Statistics Finland and Eurostat.

Chart 30.

### Industrial confidence indicator



Source: European Commission.

Chart 31.

### Manufacturing production by sector

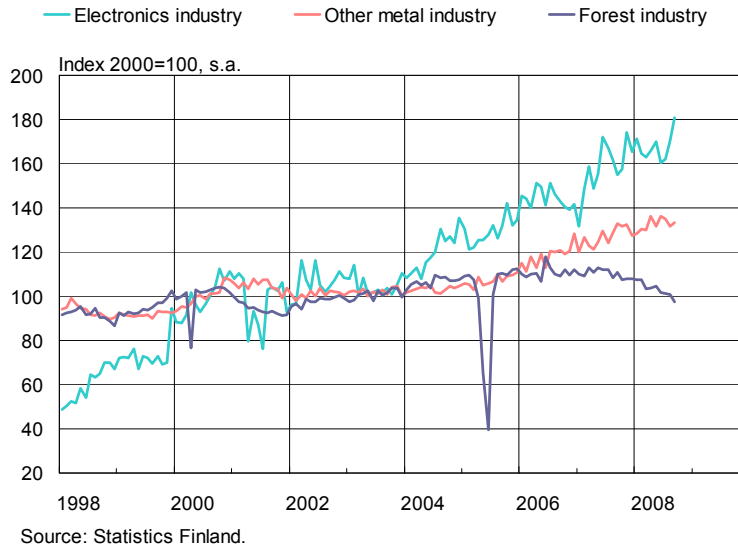


Chart 32.

### Finland's imports of goods

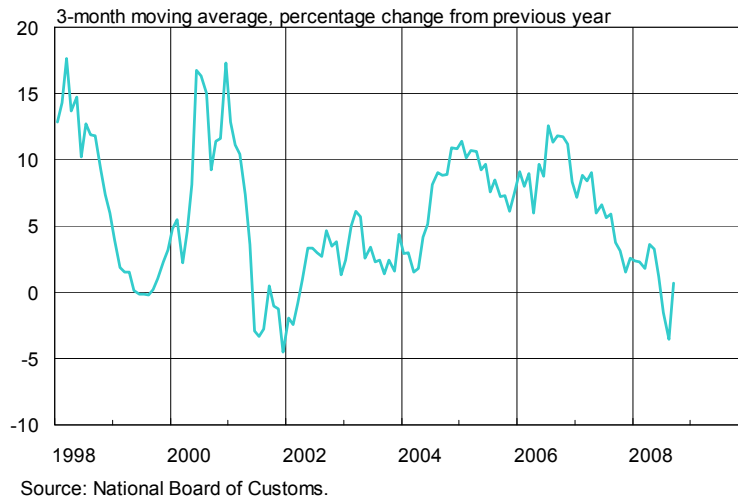
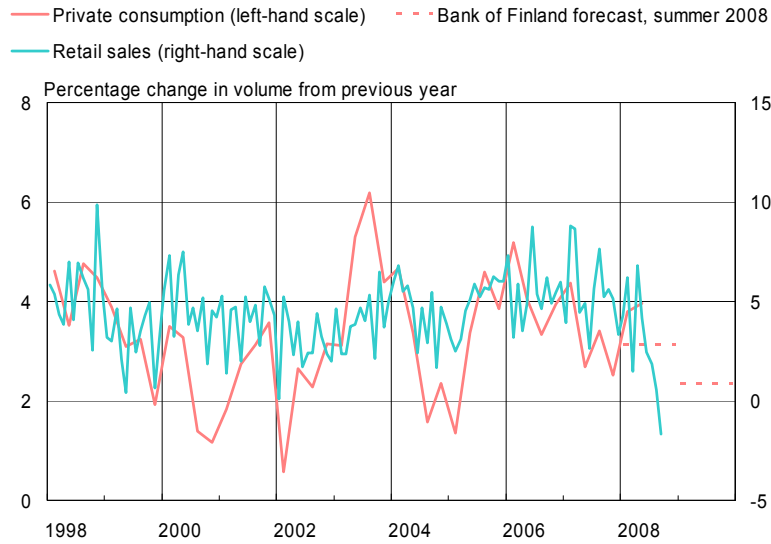


Chart 33.

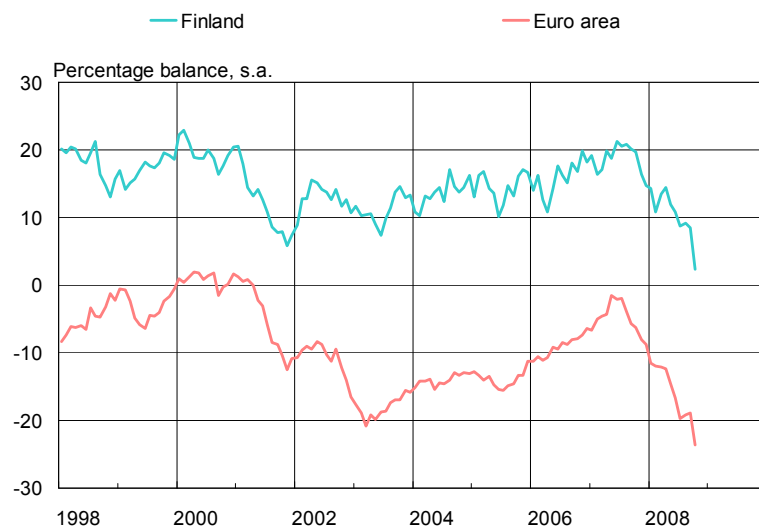
### Consumption in Finland



Sources: Bank of Finland and Statistics Finland.

Chart 34.

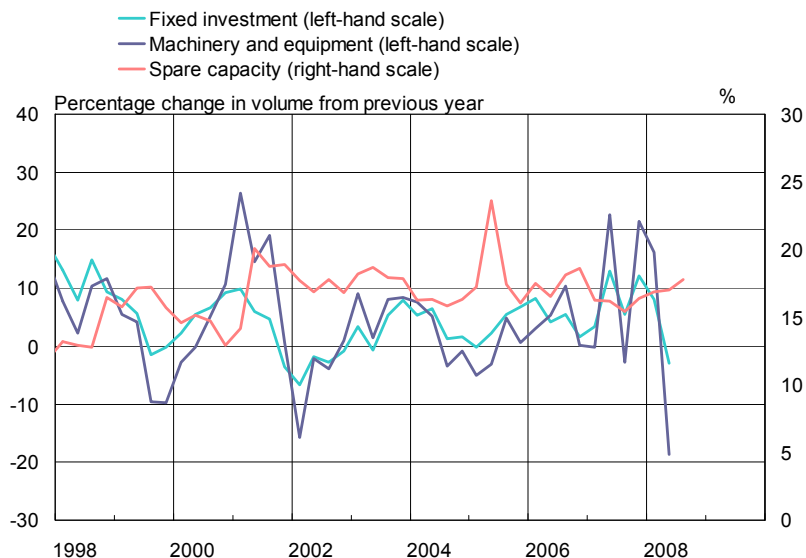
### Consumer confidence



Source: European Commission.

Chart 35.

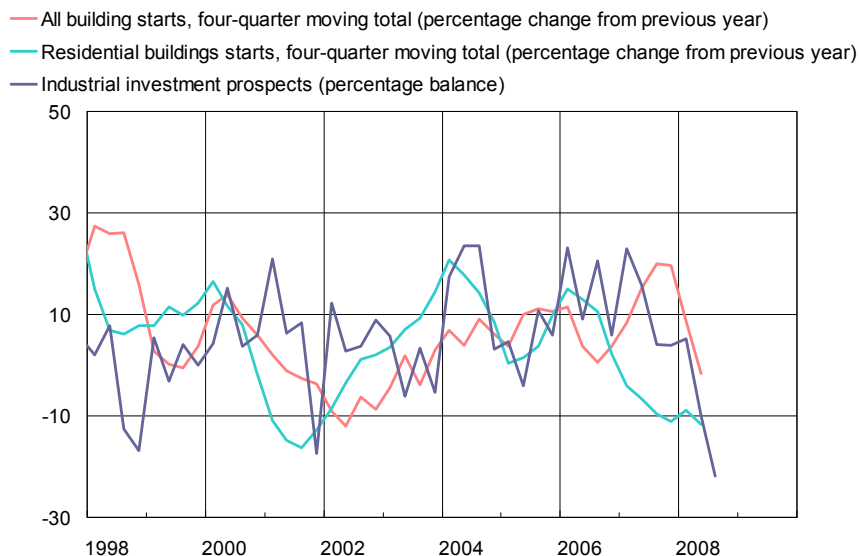
**Fixed investment in Finland**



Source: Statistics Finland.

Chart 36.

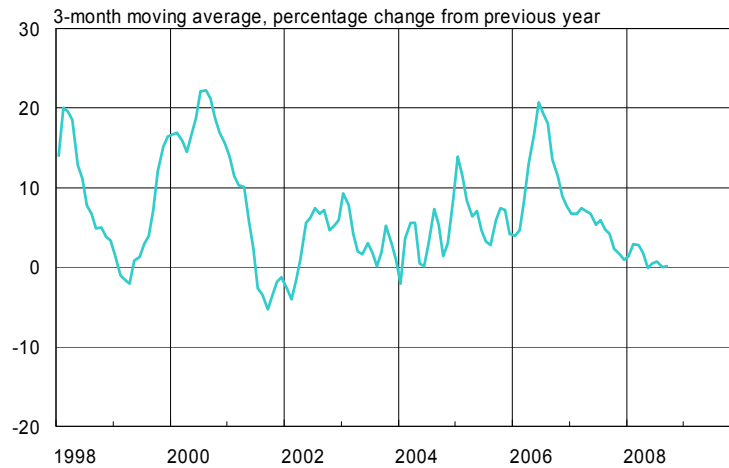
**Construction indicators**



Sources: Statistics Finland and Confederation of the Finnish Industries.

Chart 37.

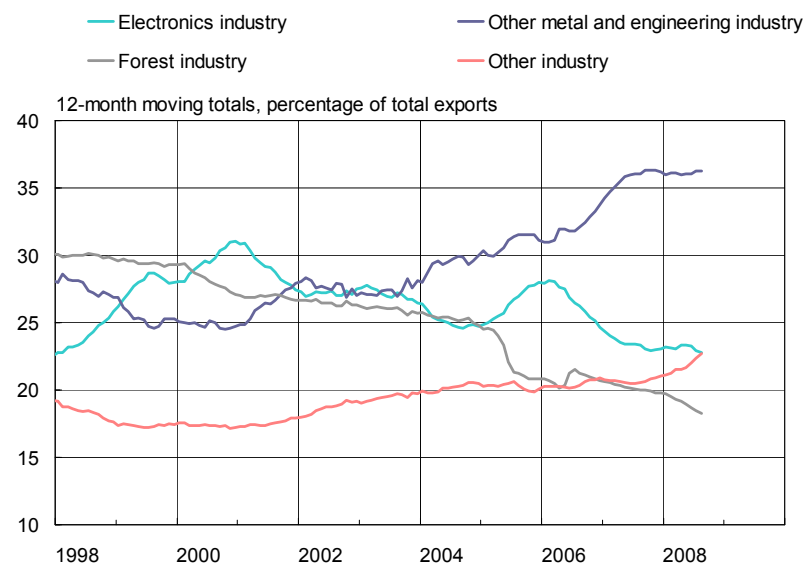
### Finland's exports of goods



Source: National Board of Customs.

Chart 38.

### Finland's exports by industry



Source: National Board of Customs.

Table 1.

**Supply, demand and labour market indicators**

	2006	2007	2008 Actual	2008*	2009*	2010*
<b>Supply and demand</b> <i>percentage change in volume from previous year</i>						
Gross domestic product at market prices	4.9	4.5	2.4 Q2 2.6 Q1-Q2	2.3	1.3	2.1
GDP monthly indicator at producer prices	5.5	4.2	4.1 M9 2.5 M1-M9			
Manufacturing production	9.1	5.2	0.7 M9 2.2 M1-M9			
Consumption expenditure	3.1	2.7	3.1 Q2 2.8 Q1-Q2			
- private	4.1	3.2	3.8 Q2 3.5 Q1-Q2	3.1	2.3	2.7
- general government	0.6	1.3	1.3 Q2 1.2 Q1-Q2	1.0	1.3	1.4
Gross fixed capital formation	4.7	8.5	-2.9 Q2 2.3 Q1-Q2			
- private	6.5	8.3	-3.6 Q2 2.9 Q1-Q2	1.8	0.1	2.0
- general government	-6.4	9.4	-2.0 Q2 -2.0 Q1-Q2	-1.1	0.5	3.9
Domestic demand	3.1	4.6	0.7 Q2 0.4 Q1-Q2			
Exports of goods and services	11.8	8.2	6.5 Q2 6.5 Q1-Q2	4.9	2.7	4.6
Imports of goods and services	7.8	6.6	1.9 Q2 2.0 Q1-Q2	2.0	3.6	5.1
<b>Labour market indicators</b> <i>percentage change from previous year</i>						
Employed persons	1.8	2.0	1.6 M9 1.8 M1-M9	1.6	-0.2	0.0
Unemployment rate, s.a. **	7.7	6.9	6.4 M9 6.3 M1-M9	6.3	6.4	6.4

Source: Statistics Finland.

\* Bank of Finland forecast, summer 2008.

\*\* Seasonally adjusted by the Bank of Finland.



## Prices and costs

Chart 39.

### Consumer prices

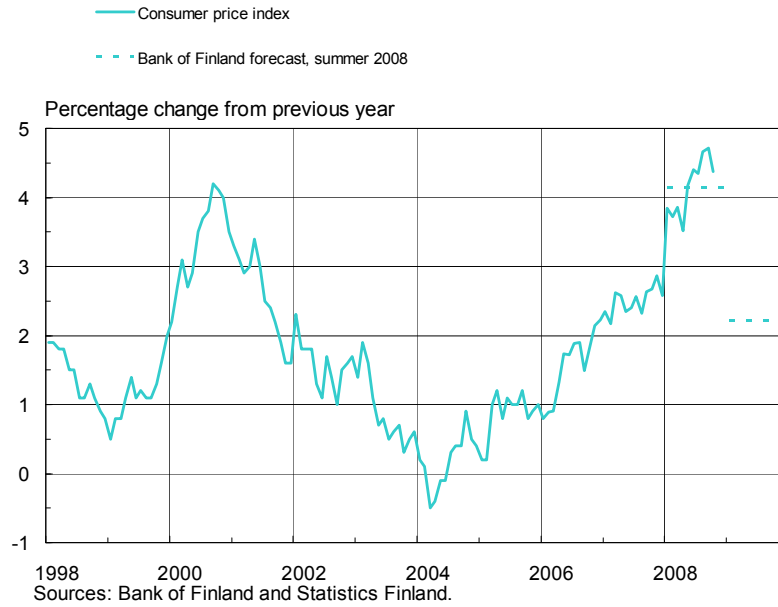


Chart 40.

### Harmonized index of consumer prices (HICP)

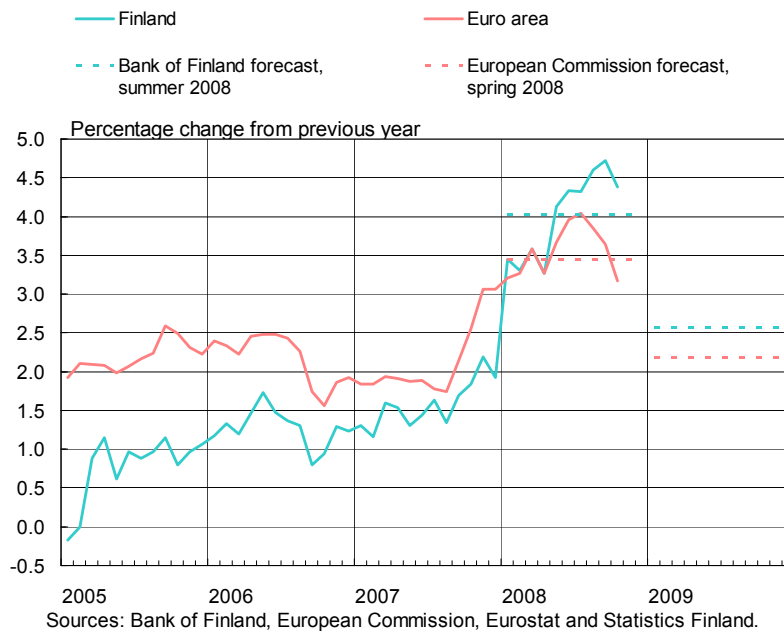


Chart 41.

Inflation rates in the euro area (HICP)

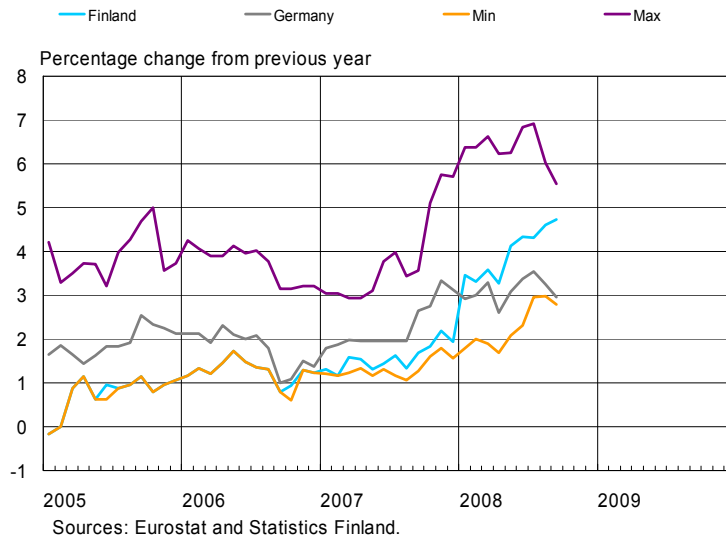


Chart 42.

Producer prices

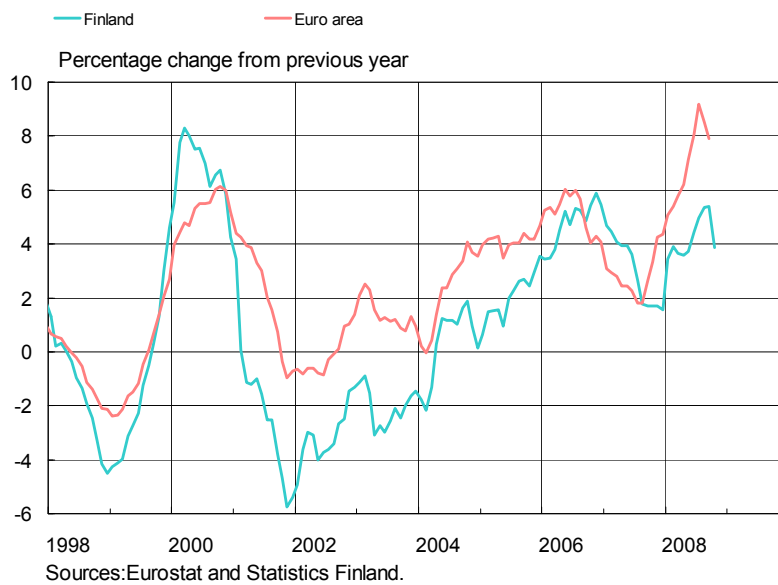


Chart 43.

### Earnings in Finland

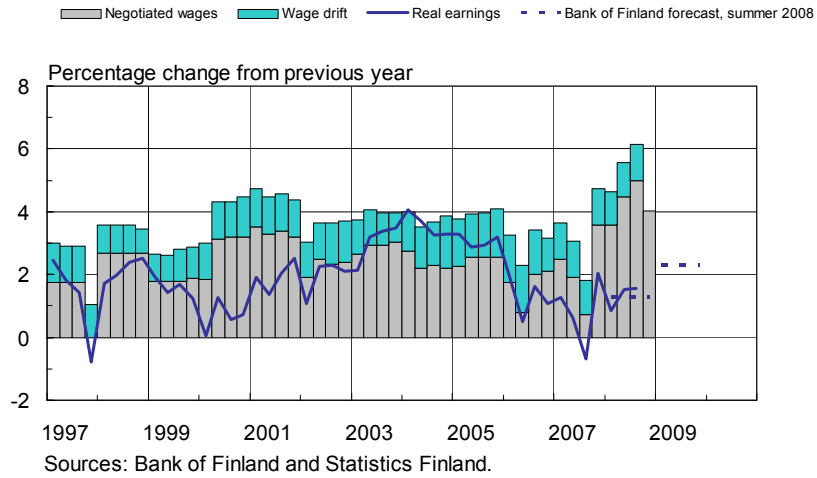
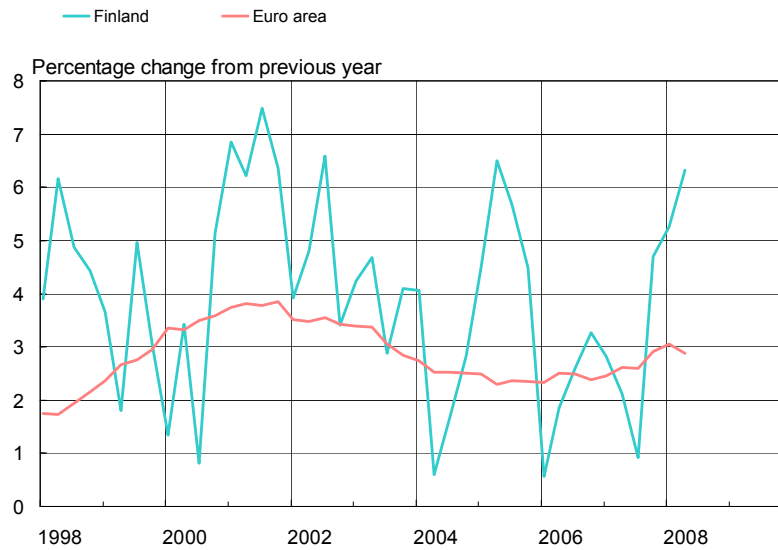


Chart 44.

### Hourly labour costs



Sources: Eurostat.

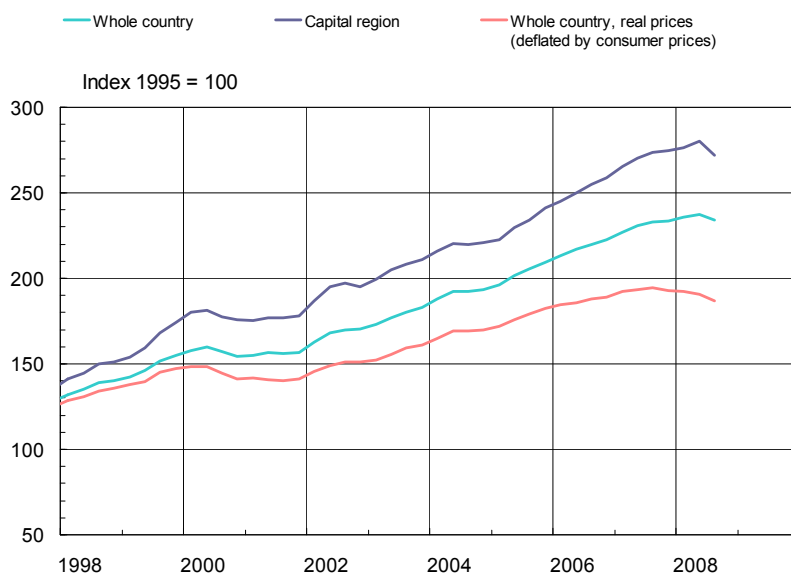
Note: Whole economy excl. agriculture, public administration, education, health and services not elsewhere classified.

Chart 45.

**Finland's export prices, import prices and terms of trade**

Sources: Statistics Finland and Bank of Finland.

Chart 46.

**Dwelling prices in Finland**

Sources: Statistics Finland and Bank of Finland.

Table 2.

**Cost and price indicators***Percentage change from previous year*

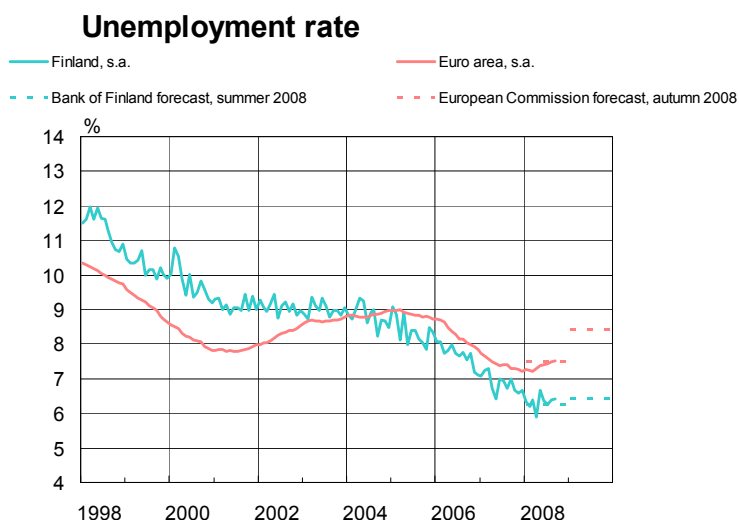
	2006	2007	2008 Actual	2008*	2009*	2010*
<b>Labour costs</b>						
Index of wages and salaries	3.0	3.3	6.1 Q3 5.5 Q1 - Q3	5.4	4.5	3.5
Unit labour costs						
- whole economy	-0.4	0.8	5.4 Q2 5.5 Q1 - Q2	5.3	3.5	2.5
<b>Price indices</b>						
Export prices (goods)						
- export price index	4.1	2.4	0.1 M10 2.0 M1 - M10			
- export price deflator	3.3	-0.1	0.2 Q2 0.6 Q1 - Q2			
Import prices (goods)						
- import price index	7.6	2.4	1.4 M10 5.4 M1 - M10			
- import price deflator	7.3	1.7	4.0 Q2 4.7 Q1 - Q2			
Producer prices	4.8	3.0	3.8 M10 4.2 M1 - M10			
Wholesale prices	5.9	3.5	3.7 M10 5.5 M1 - M10			
Consumer prices						
- consumer price index	1.6	2.5	4.4 M10 4.2 M1 - M10	4.1	2.2	1.7
- harmonized index of consumer prices	1.3	1.6	4.4 M10 4.0 M1 - M10	4.0	2.6	2.2
<b>Asset prices</b>						
Stumpage prices	0.0	23.4	-13.5 M10 -12.3 M1 - M10			
Dwelling prices, whole country	7.4	5.9	2.8 Q2 3.3 Q1 - Q2			
Share prices	24.5	24.4	-49.3 M10 -17.8 M1 - M10			

Sources: Finnish Forest Research Institute, OMX Nordic Exchange Helsinki Oy., National Board of Customs and Statistics Finland.

\* Bank of Finland forecast, summer 2008.

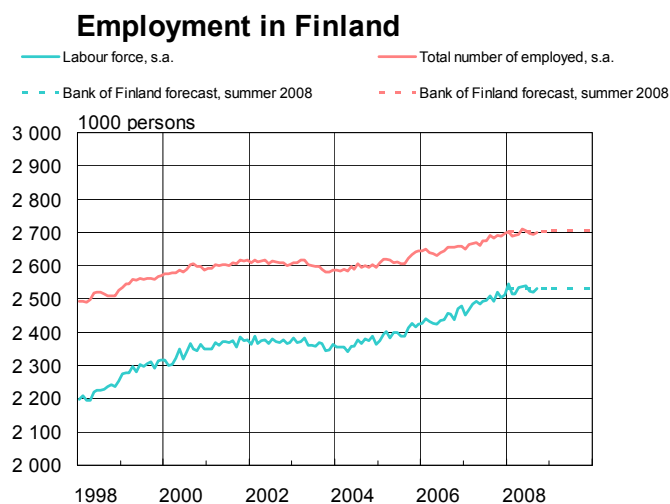
## Labour market

Chart 47.



Sources: Statistics Finland, Bank of Finland, Eurostat and European Commission.  
 Note: Seasonally adjusted by the Bank of Finland and Eurostat.

Chart 48.

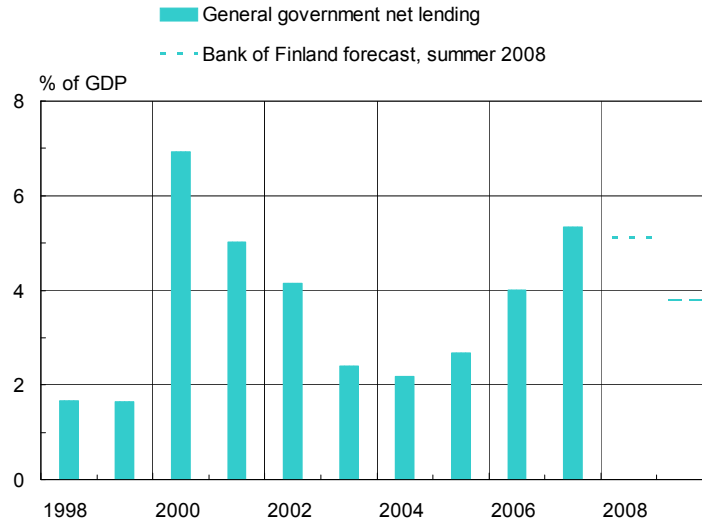


Sources: Statistics Finland and Bank of Finland.  
 Note: Seasonally adjusted by the bank of Finland.

## Public finances

Chart 49.

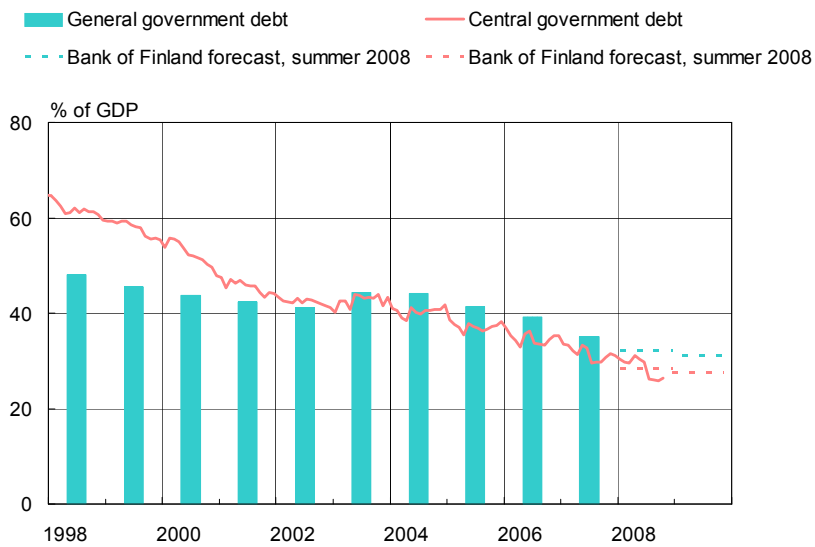
### Public sector balances in Finland



Sources: Statistics Finland and Bank of Finland.

Chart 50.

### Public sector debt in Finland



Source: Statistics Finland, State Treasury and Bank of Finland.

## External balance

Chart 51.

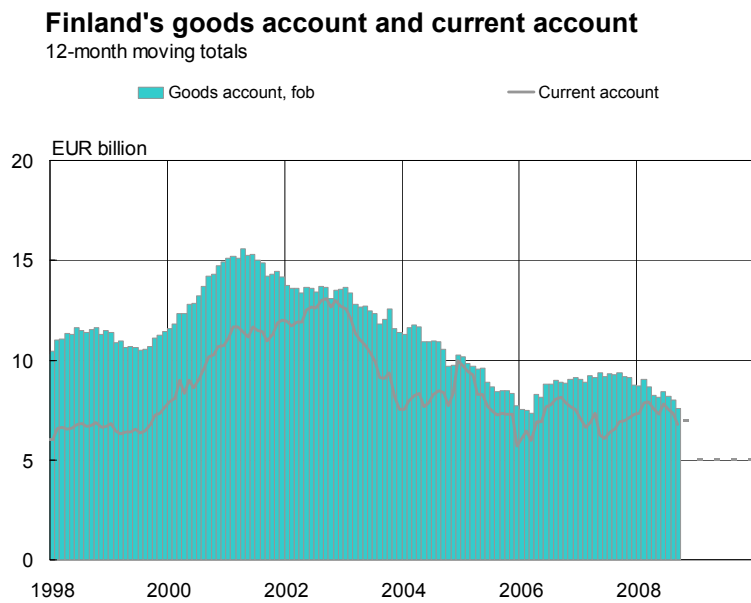


Chart 52.

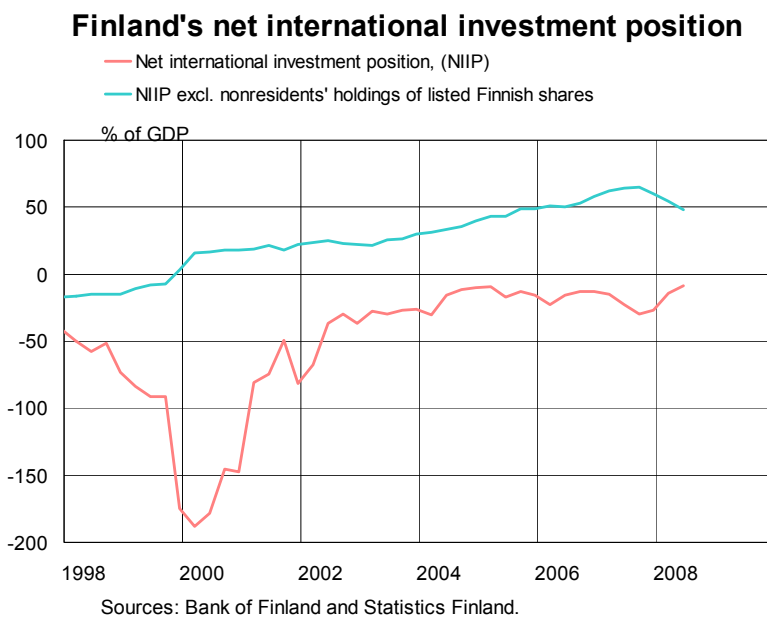




Table 3.  
External balance and sectoral balances indicators

	2006	2007	2008 Actual	2008*	2009*
<b>Goods account</b>					
EUR billion	9.1	8.7	0.5 M09 5.6 M01-M09		
per cent of GDP	5.5	4.9			
<b>Current account</b>					
EUR billion	7.5	7.3	0.9 M09 4.4 M01-M09	6.9	5.0
per cent of GDP	4.5	4.1		3.7	2.6
<b>Financial account</b>					
EUR billion	-11.1	-7.1	-0.9 M09 -4.4 M01-M09		
General government	-8.1	-5.0	1.9 M09 -4.1 M01-M09		
Direct investment in Finland	4.5	8.3	1.0 M09 -2.2 M01-M09		
abroad	2.5	5.2	1.1 M09 3.1 M01-M09		
Shares	-7.5	-6.3	0.7 M09 -2.1 M01-M09		
Other capital (incl. errors and omissions)	2.5	1.1	-3.4 M09 4.8 M01-M09		
Foreign exchange reserves (increase -)	3.6	-0.2	-0.1 M09 0.0 M01-M09		
<b>Net lending, saving minus investment</b>					
Private sector					
EUR billion	0.8	-2.3		-2.7	-2.4
per cent of GDP	0.5	-1.3		-1.4	-1.2
General government					
EUR billion	6.7	9.6		9.6	7.4
per cent of GDP	4.0	5.3		5.1	3.8
Central government					
EUR billion	1.4	3.8		3.1	1.2
per cent of GDP	0.9	2.1		1.7	0.6
Local government					
EUR billion	-0.4	-0.1		0.3	0.1
per cent of GDP	-0.2	-0.1		0.2	0.1
Social security funds					
EUR billion	5.6	5.9		0.3	6.0
per cent of GDP	3.4	3.3		4.2	3.1
<b>Net foreign debt</b>					
per cent of GDP	12.6	26.6			
per cent of exports of goods and services	27.9	58.1			
<b>Sectoral debt ratios, gross debt, per cent of GDP</b>					
Non-financial corporate sector **	51.5	51.8			
Household sector	46.6	48.2			
General government	39.2	35.2		32.1	31.0

Sources: Bank of Finland and Statistics Finland.

\* Bank of Finland forecast, summer 2008.

\*\* Excl. housing corporations.

